

Message Text

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56

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SSO-00 NSCE-00 INRE-00 TRSE-00

FRB-01 EURE-00 USIE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

AID-05 COME-00 EB-07 XMB-04 OPIC-06 CIEP-02 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 IO-13 /112 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 2258

AMEMBASSY MANILA IMMEDIATE

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS BONN 16645

DEPARTMENT PASS TREASURY, FEDERAL RESERVE, MANILA FOR
USDEL BANK/FUND

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FRG STATEMENTS ON UK APPLICATION TO IMF

REF.: MANILA 15213, BONN 16614

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1. THE ONLY STATEMENT BY A GERMAN OFFICIAL REGARDING

THE UK'S APPROACH TO THE IMF WAS THAT OF FINANCE
MINISTRY STATE SECRETARY POEHL IN A PRESS CONFERENCE ON
SEPTEMBER 29. AS SUMMARIZED IN BONN 16614, POEHL
STATED THAT GERMANY WELCOMES AND SUPPORTS THE UK ACTION.
AN EXACT TEXT OF POEHL'S REMARKS IS UNAVAILABLE.

2. BASED ON PRESS ACCOUNTS, POEHL, SPEAKING IN
REFERENCE BOTH TO GERMANY'S OPPOSITION TO ROLLING OVER
ITS PORTIONS OF THE UK SWAP CREDIT AND TO THE UK
APPROACH TO THE IMF, SAID THAT THE FRG IS BASICALLY
AGAINST BILATERAL OR EUROPEAN CREDITS AND THAT FUTURE
CREDIT NEEDS SHOULD BE SATISFIED THROUGH THE IMF WHERE
ALL COUNTRIES PARTICIPATE IN FUNDING AND WHERE
BORROWINGS COULD BE MADE WITH ECONOMIC CONDITIONS
ATTACHED. POEHL DID NOT SPECIFY WHAT CONDITIONS
HE THOUGHT APPROPRIATE TO THE BRITISH SITUATION BUT
ALLUDED TO THE FAVORABLE EXPERIENCE OF THE US AND FRG
IN CONTROLLING THE MONEY SUPPLY.

3. IN ADDITION, HE REPORTEDLY SAID THAT SINCE THE
RECENT DECLINE IN THE VALUE OF THE POUND WAS "ERRATIC
AND COMPLETELY UNJUSTIFIED BY BRITAIN'S UNDERLYING
ECONOMIC CONDITIONS" RECOURSE TO THE CREDIT FACILITIES
OF THE IMF IS APPROPRIATE. POEHL DID STRIKE A PESSI-
MISTIC NOTE IN HIS REMARKS ON BRITAIN'S APPLICATION
TO THE IMF, SAYING THAT THE \$3.9 BILLION REQUESTED
WOULD DO LITTLE MORE THAN REPAY A PORTION OF THE
STANDBY CREDIT WHICH THE UK WILL HAVE USED UP BY THE
TIME IT MATURES IN DECEMBER OF THIS YEAR.

4. COMMENT: ONE PRESS ACCOUNT REPORTED POEHL AS
HAVING SAID THAT FUTURE CREDIT ARRANGEMENTS TO AID
COUNTRIES EXPERIENCING EXCHANGE RATE AND BALANCE OF
PAYMENTS DIFFICULTIES SHOULD AT THE VERY LEAST HAVE THE
US AND JAPAN AS PARTICIPANTS. IN THIS MANNER THE
GERMANS MAY BE STRIVING TO LEAVE OPEN AN ALTERNATIVE
OTHER THAN THE IMF. PRESS OFFICE OF GERMAN FINANCE
MINISTRY GENERALLY VERIFIES ACCURACY OF PRESS ACCOUNTS.
HILLENBRAND

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